

REGISTERED NUMBER: 07379560 (England and Wales)

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
EUROSITE POWER LIMITED**

EUROSITE POWER LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2016**

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EUROSITE POWER LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS:	P J Hamblyn Dr E Samaras
SECRETARY:	P J Hamblyn
REGISTERED OFFICE:	Sky View Argosy Road East Midlands Airport Castle Donington Derbyshire DE74 2SA
BUSINESS ADDRESS:	Suite 1, Fernbank House Tytherington Business Park Macclesfield SK10 2XA
REGISTERED NUMBER:	07379560 (England and Wales)
AUDITORS:	PKF Cooper Parry Group Limited Sky View Argosy Road East Midlands Airport Castle Donington Derbyshire DE74 2SA
ACCOUNTANTS:	NG Accounting & Tax Limited 90 Springfield Avenue Sandiacre Nottingham NG10 5LZ

EUROSITE POWER LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

P J Hamblyn
Dr E Samaras

Other changes in directors holding office are as follows:

J N Hatsopoulos - resigned 16 May 2016
J C Devas - resigned 15 April 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

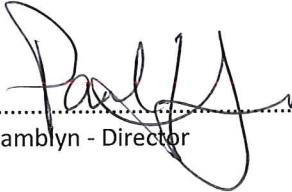
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

EUROSITE POWER LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'P J Hamblyn', is written over a horizontal dotted line.

P J Hamblyn - Director

Date: 27 March 2017

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EUROSITE POWER LIMITED

We have audited the financial statements of Eurosite Power Limited for the year ended 31 December 2016 on pages six to fourteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

In light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
EUROSITE POWER LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Paul Rowley (Senior Statutory Auditor)
for and on behalf of PKF Cooper Parry Group Limited
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derbyshire
DE74 2SA

Date: 27 March 2017

EUROSITE POWER LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
TURNOVER		1,822,074	1,464,541
Cost of sales		<u>(1,504,012)</u>	<u>(1,390,909)</u>
GROSS PROFIT		318,062	73,632
Administrative expenses		<u>(1,022,253)</u>	<u>(1,001,236)</u>
OPERATING LOSS	5	(704,191)	(927,604)
Interest (payable)/receivable		<u>(882)</u>	<u>1,742</u>
LOSS BEFORE TAXATION		(705,073)	(925,862)
Tax on loss	7	<u>121,866</u>	<u>173,317</u>
LOSS FOR THE FINANCIAL YEAR		<u>(583,207)</u>	<u>(752,545)</u>

The notes on pages 9 to 14 form part of these financial statements

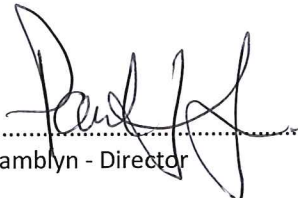
EUROSITE POWER LIMITED (REGISTERED NUMBER: 07379560)

BALANCE SHEET
31 DECEMBER 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	8	5,126,294	4,495,241
CURRENT ASSETS			
Stocks	9	129,116	97,272
Debtors	10	710,139	688,285
Cash at bank		2,736,166	373,686
		3,575,421	1,159,243
CREDITORS			
Amounts falling due within one year	11	(469,977)	(299,173)
NET CURRENT ASSETS		3,105,444	860,070
TOTAL ASSETS LESS CURRENT LIABILITIES		8,231,738	5,355,311
CREDITORS			
Amounts falling due after more than one year	12	(211,988)	-
PROVISIONS FOR LIABILITIES	14	(292,331)	(260,295)
NET ASSETS		7,727,419	5,095,016
CAPITAL AND RESERVES			
Called up share capital	15	1	1
Capital contribution reserve	16	11,076,104	7,860,494
Retained earnings	16	(3,348,686)	(2,765,479)
SHAREHOLDERS' FUNDS		7,727,419	5,095,016

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 27 March 2017 and were signed on its behalf by:


P J Hamblyn - Director

The notes on pages 9 to 14 form part of these financial statements

EUROSITE POWER LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Retained earnings £	Capital contribution reserve £	Total equity £
Balance at 1 January 2015	1	(2,012,934)	7,278,003	5,265,070
Changes in equity				
Total comprehensive loss	-	(752,545)	582,491	(170,054)
Balance at 31 December 2015	<u>1</u>	<u>(2,765,479)</u>	<u>7,860,494</u>	<u>5,095,016</u>
Changes in equity				
Total comprehensive income	-	(583,207)	3,215,610	2,632,403
Balance at 31 December 2016	<u><u>1</u></u>	<u><u>(3,348,686)</u></u>	<u><u>11,076,104</u></u>	<u><u>7,727,419</u></u>

The notes on pages 9 to 14 form part of these financial statements

EUROSITE POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. STATUTORY INFORMATION

Eurosite Power Limited (the company) is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is shown on the company information page.

The financial statements are prepared in sterling (£). The financial statements are for the year ended 31 December 2016 (2015: year ended 31 December 2015).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of the Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared on a going concern basis.

FRS102 is mandatory for small companies with accounting periods beginning on or after 1 January 2016. The company transitioned from previous compliance with UK GAAP to FRS 102 as at 1 January 2016. The transition is not considered to have a material effect on the financial statements and no adjustments were necessary to restate the financial statements previously presented under UK GAAP, including the balance sheet as at 1 January 2015 and the financial statements as at and for the year ended 31 December 2015.

Turnover

The turnover shown in the profit and loss account represents the value of energy delivered during the year at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations to the customer.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and Machinery	- 15 years straight line
Motor Vehicles	- 4 years straight line
Computer equipment	- 2 years straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

EUROSITE POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Assets in the course of construction

Assets in the course of construction are stated at cost and are not depreciated. Assets in the course of construction are transferred to plant and machinery when they are ready for use. Expenditure on completed sites is capitalised where it results in an enhancement of economic benefit, for example, an improvement in plant efficiency, a reduction in maintenance costs or an extension of expected useful economic life.

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If an indication exists, the company estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. All other impairment losses are recognised in the profit and loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversal of impairment losses are recognised in the profit and loss. On reversal of an impairment loss, the depreciation or amortisation is adjusted to reflect the carrying amount.

Operating leases

Rentals under operating leases are charged to the Profit and Loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign and operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 8 (2015 - 6).

EUROSITE POWER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. DIRECTORS' EMOLUMENTS

	2016 £	2015 £
Directors' remuneration	<u>115,327</u>	<u>125,782</u>

5. OPERATING LOSS

The operating loss is stated after charging:

	2016 £	2015 £
Depreciation - owned assets	340,745	267,121
Auditors' remuneration	<u>11,250</u>	<u>8,000</u>

6. EXCEPTIONAL ITEMS

Exceptional items amounting to £53,811 (2015: £257,746) included in administrative expenses relate to the impairment of plant and machinery.

7. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2016 £	2015 £
Current tax:		
UK corporation tax	(188,555)	(220,547)
Under provision in prior year	<u>34,653</u>	<u>-</u>
Total current tax	(153,902)	(220,547)
Deferred tax	<u>32,036</u>	<u>47,230</u>
Tax on loss	<u>(121,866)</u>	<u>(173,317)</u>

EUROSITE POWER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. TANGIBLE FIXED ASSETS

	Assets under construction £	Plant and machinery £	Motor vehicles £	Totals £
COST				
At 1 January 2016	513,633	4,472,061	18,385	5,004,079
Additions	870,716	138,275	16,618	1,025,609
Impairments	-	(53,811)	-	(53,811)
Transfer to ownership	(883,508)	883,508	-	-
At 31 December 2016	500,841	5,440,033	35,003	5,975,877
DEPRECIATION				
At 1 January 2016	-	507,165	1,673	508,838
Charge for year	-	333,912	6,833	340,745
At 31 December 2016	-	841,077	8,506	849,583
NET BOOK VALUE				
At 31 December 2016	500,841	4,598,956	26,497	5,126,294
At 31 December 2015	513,633	3,964,896	16,712	4,495,241

9. STOCKS

	2016 £	2015 £
Finished goods	129,116	97,272

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	219,645	205,431
Other debtors	490,494	482,854
	710,139	688,285

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	255,250	150,457
Social security and other taxes	-	3,470
Other creditors	49,933	145,246
Accruals and deferred income	164,794	-
	469,977	299,173

EUROSITE POWER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£	£
Other creditors	<u>211,988</u>	<u>-</u>

Interest is charged at 5% compound interest rate per annum (0.4% per month) on other loans included in other creditors. Other loans are secured on specific trade receivables, and their future income streams, which are assigned to the lender on commencement of the contract.

13. OPERATING LEASE COMMITMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016	2015
	£	£
Within one year	<u>8,220</u>	<u>7,908</u>

14. PROVISIONS FOR LIABILITIES

	2016	2015
	£	£
Deferred tax		
Accelerated capital allowances	935,706	844,872
Tax losses carried forward	<u>(643,375)</u>	<u>(584,577)</u>
	<u>292,331</u>	<u>260,295</u>

	Deferred tax £
Balance at 1 January 2016	260,295
Provided during year	<u>32,036</u>
Balance at 31 December 2016	<u>292,331</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2016	2015
Number:	Class:	Nominal value:	£	£
1	Ordinary	1	<u>1</u>	<u>1</u>

EUROSITE POWER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

16. RESERVES

Capital contribution

This reserve records the contributions made to the company by its parent company.

Retained earnings

Represents the accumulated profits/(losses) of the company.

17. RELATED PARTY DISCLOSURES

Capital contributions made by Eurosite Power Inc. amounted to £3,040,725 (2015: £500,000) and payments for goods and services amounted to £174,866 (2015: £82,491).

18. ULTIMATE CONTROLLING PARTY

The immediate parent is Eurosite Power Inc a company incorporated in the USA. The directors consider that there is no ultimate controlling party.

19. FIRST YEAR ADOPTION

This is the first year in which the financial statements have been prepared under FRS 102 section 1A and there are no material differences to UK GAAP.

EUROSITE POWER LIMITED

**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016		2015	
	£	£	£	£
Sales		1,822,074		1,464,541
Cost of sales				
Purchases	942,537		868,885	
Contract maintenance charges	226,142		238,389	
Installation costs	1,421		18,187	
Depreciation of tangible fixed assets	333,912		265,448	
		<u>1,504,012</u>		<u>1,390,909</u>
GROSS PROFIT		318,062		73,632
Other income				
Interest receivable		(882)		1,742
		<u>317,180</u>		<u>75,374</u>
Expenditure				
Rent	24,104		9,049	
Insurance	52,093		27,339	
General office expenses	32,549		5,488	
Directors' salaries	115,327		125,782	
Wages	313,019		209,084	
Employer's national insurance	57,064		42,125	
Telephone	18,243		11,219	
Postage and stationery	11,936		6,331	
Advertising	49,645		29,804	
Travelling and subsistence	93,893		108,917	
Motor expenses	17,158		3,122	
Repairs and renewals	(33,216)		-	
Computer costs	6,886		6,182	
Sundry expenses	49,993		41	
Accountancy	1,240		42,990	
Subscriptions	15,818		10,316	
Legal fees	10,104		4,190	
Other professional fees	90,384		89,822	
Auditors' remuneration	11,250		8,000	
Depreciation office equipment	9,838		2,522	
Exceptional items	53,811		257,746	
Bad debts	20,000		-	
		<u>1,021,139</u>		<u>1,000,069</u>
Carried forward		(703,959)		(924,695)

This page does not form part of the statutory financial statements

EUROSITE POWER LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016		2015	
	£	£	£	£
Brought forward		(703,959)		(924,695)
Finance costs				
Bank charges		1,114		1,167
NET LOSS		<u>(705,073)</u>		<u>(925,862)</u>

This page does not form part of the statutory financial statements